ANALYSIS

This ordinance amends Title 5 – Personnel of the Los Angeles County Code by:

- Amending portions of Section 5.20.080 to clarify the section does not apply to new members; and
- Adding new Section 5.20.085 authorizing a new retiree health insurance program for LACERA members effective July 1, 2014 and later and their eligible dependents.

JOHN F. KRATTLI
County Counsel

By: _____

LESTER J. TOLNAI
Assistant County Counsel

LJT:mst

Requested: 05-13-14
Revised: 05-15-14

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

2014 JUN 11 PM 2:04

FILED

ORDINANCE NO. 2014-0027

An ordinance amending Title 5 - Personnel of the Los Angeles County Code, relating to County contributions for retiree health insurance premiums for employees hired after June 30, 2014.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 5.20.080 is hereby amended to read as follows:

5.20.080 County contributions for health insurance premiums pursuant to Government Code Section 31691.

A. Pursuant to Section 31691 of the California Government Code, the board of supervisors hereby authorizes a health insurance program for retired county employees and their dependents, providing hospital services, medical services, dental services and optical services benefits, not less than those which were provided to retired employees and their dependents by the Los Angeles County Employees Retirement Association on June 30, 1982, as set forth in the agreement between the county and said Association dated April 20, 1982. This subsection does not apply to New Members as defined in Section 5.20.085. Such New Members are entitled to benefits as described in Section 5.20.085.

B. Crediting prior public service for purpose of retiree health benefits.

1. Any person designated in paragraph 5 below retiring after the effective date of this subsection may, in accordance with this section, receive credit for prior public service solely for the purposes of calculating the amount of retiree health insurance premiums paid by the County in accordance with California Government

Code Section 31691, County Code Sections 5.20.080 and 5.20.085, and the Funding Agreement between the County and the Los Angeles County Employees Retirement Associations (LACERA), dated April 20, 1982, and any amendments thereto (the "Retiree Health Program"). For the purpose of this section, prior public service refers to a period of employment with the federal government or any state or local government, whether or not such employment is recognized as allowed public service time under California Government Code Section 31641.1 or as reciprocal service under California Government Code Section 31836.

. . .

C. Retiree health insurance benefits for military reservists.

1. Any employee of the County designated in subparagraph 3 below who is a member of the California National Guard or a United States military reserve organization (reservist) who has completed less than ten years of County service and who retires, or dies, after the effective date of this subsection under circumstances set out in said subparagraph 2 shall, regardless of such person's actual length of County service, be deemed to have completed ten years of County retirement service credit solely for the purposes of calculating the amount of retiree health insurance premiums paid by the County on behalf of such person, or such person's eligible survivors, in accordance with California Government Code Section 31691, County Code Sections 5.20.080 and 5.20.085, and the Funding Agreement between the County and the Los Angeles County Employees Retirement Association (LACERA), dated April 20, 1982, and any amendments thereto.

2. The provisions of this subsection C shall apply to any reservist who is:

~~A~~a. Called into Active Military Service, as defined in Section 6.20.080 of this Code, and allowed a military leave of absence;

~~B~~b. A member of any of the contributory retirement plans established for general or safety members of LACERA; and

~~C~~c. Permanently incapacitated for the performance of duty with his or her employing County department or district, or killed, as a direct consequence and result of injury or disease arising out of and in the course of said active military service.

. . .

SECTION 2. Section 5.20.085 is hereby added to read as follows:

5.20.085 Tier Two Retiree Health Care Program.

A. The board of supervisors hereby authorizes a new retiree health insurance program for New Members and their Eligible Dependents (as defined below).

B. Definitions.

The following terms when used herein with initial capital letters, unless the context clearly indicates otherwise, shall have the following respective meanings:

1. "Benchmark Plans" means those LACERA Group Health Plans, the premium for which is used to calculate the various County Subsidies.

a. Medical Benchmark Plans. With respect to retiree medical coverage for New Members who are not eligible to enroll in Medicare, the Medical Benchmark Plan is retiree-only coverage in the Anthem Blue Cross I & II plan (or any successor plan established by LACERA with comparable benefit coverage). With respect to retiree medical coverage for New Members who are eligible to enroll in Medicare, the Medical Benchmark Plan is retiree-only coverage in the Anthem Blue Cross III plan (or any successor plan established by LACERA with comparable benefit coverage).

b. Dental Benchmark Plan. With respect to dental coverage, the Dental Benchmark Plan is retiree-only coverage in the indemnity-style dental plan that is offered under the LACERA Group Health Plan as of July 1, 2014 (or any successor plan established by LACERA with comparable benefit coverage).

c. Vision Benchmark Plan. With respect to vision coverage, the Vision Benchmark Plan is retiree-only coverage in the indemnity-style vision plan offered under the LACERA Group Health Plan as of July 1, 2014 (or any successor plan established by LACERA with comparable benefit coverage).

2. "County Subsidies" means the amount the County agrees to pay toward the cost of retiree health coverage under the LACERA Group Health Plans on behalf of a New Member and/or his or her Eligible Dependents and, if applicable, the Medicare Part B premium reimbursement provided for in subsection 5.20.085E.2.

a. "County Medical Subsidy" means the amount the County agrees to pay toward the cost of retiree medical coverage under the LACERA Group Health Plans on behalf of a New Member and/or his or her Eligible Dependents.

b. "County Dental Subsidy" means the amount the County agrees to pay toward the cost of retiree dental coverage under the LACERA Group Health Plans on behalf of a New Member and/or his or her Eligible Dependents.

c. "County Vision Subsidy" means the amount the County agrees to pay toward the cost of retiree vision coverage under the LACERA Group Health Plans on behalf of a New Member and/or his or her Eligible Dependents.

d. "Medicare Part B Subsidy" means the Medicare Part B premium reimbursement provided for in subsection 5.20.085E.2.

3. "Eligible Dependents" means the family members or survivors of a New Member who are eligible to enroll in a LACERA Group Health Plan and may benefit from the County Subsidies. No person may be covered both as a New Member and as an Eligible Dependent. Eligible Dependents include a New Member's:

a. Lawful spouse, unless legally separated;

b. Domestic partner if both parties have registered a California Declaration of Domestic Partnership with the California Secretary of State;

c. Unmarried natural or legally adopted children or stepchildren (or such children of the eligible spouse or domestic partner) who are under age 19;

d. Unmarried natural or legally adopted children or stepchildren (or such children of the eligible spouse or domestic partner) who are dependent on the New Member for financial support and who are under age 23 and enrolled as full-time students in an accredited or licensed educational institution;

e. Unmarried natural or legally adopted children or stepchildren (or such children of the eligible spouse or domestic partner) who (i) are dependent on the New Member for financial support, (ii) are incapable of self-support due to a physical or mental handicap, (iii) became disabled either before the age of 19 or before the age of 23 while enrolled as a full-time student at an accredited or licensed educational institution, (iv) have been continuously covered by a LACERA-sponsored, County-sponsored or other comprehensive medical insurance plan, and (v) for whom medical evidence of total disability has been provided to the satisfaction of LACERA and the LACERA Group Health Plan in which enrollment is sought; or

f. Eligible Survivors (as defined below). Any otherwise Eligible Dependent also must satisfy any enrollment criteria imposed under the terms of the LACERA Group Health Plans or otherwise established by LACERA. An individual who becomes a spouse, domestic partner or child of an Eligible Survivor after the New Member's death is not an Eligible Dependent (except to the extent required by law).

4. "Eligible Survivors" means the following individuals who were Eligible Dependents (as defined in Section 5.20.085A.3.a.-e.) on the date of the New Member's death:

a. A New Member's surviving lawful spouse who is receiving a survivor allowance from LACERA, provided that the New Member and spouse were married for at least one year prior to the New Member's retirement date (except in the case of a service-connected disability retirement, in which case the date of marriage must precede the date of retirement);

b. A New Member's surviving domestic partner who is receiving a survivor allowance from LACERA, provided that the applicable domestic partnership registration was made at least one year prior to the New Member's retirement date (except in the case of a service-connected disability retirement, in which case the domestic partner registration must precede the date of retirement);

c. If there is an eligible surviving spouse or domestic partner under subsection 5.20.085A.4. a. or b., the surviving children or stepchildren described in subsection 5.20.085A.3.c. or d., provided that any such individuals continue to satisfy the applicable requirements of those subsections;

d. If there is no eligible surviving spouse or domestic partner, a New Member's surviving, unmarried natural, legally adopted children or stepchildren who are receiving survivor allowances from LACERA, up until age 18 or until age 22 if enrolled as full-time students at an accredited or licensed educational institution; or

e. The surviving disabled children described in subsection 5.20.085A.3.e., provided that any such individuals continue to satisfy the applicable requirements of that subsection.

5. "LACERA" means the Los Angeles County Employees Retirement Association.

6. "LACERA Group Health Plans" means the group health plans sponsored and administered by LACERA, or otherwise offered to New Members, in accordance with the 2014 Agreement.

7. "New Member" means a County employee who: (a) either is hired by the County after June 30, 2014, or otherwise is first placed in an employment classification eligible for LACERA membership after June 30, 2014, (b) has a membership effective date with LACERA that is on or after August 1, 2014, and (c) is not granted reciprocity with LACERA for membership with another public retirement system for service that began before August 1, 2014.

8. "Reciprocal Agreement" means the Agreement for Retiree Health Insurance Reciprocal Subsidy Credit for General County and City Civilian Retirement Members, dated December 27, 2004, by and between the County and the City of Los Angeles.

9. "Tier Two Retiree Health Care Program" means the retiree health care program provided pursuant to the 2014 Agreement, this County Code Section 5.20.085 and any applicable collective bargaining agreements governing New Members.

10. "Year of Benefit Credit" means a period of credit used to determine the amount of a New Member's County Subsidy. A New Member will be credited with a Year of Benefit Credit for each full twelve months of aggregate (a) active membership

with LACERA, plus (b) reciprocal service credit, as and to the extent granted under the Reciprocal Agreement. In addition, any service credit granted under County Code Section 5.20.080C will be taken into account. Finally, solely for the purposes of calculating the amount of the County Subsidies under subsection D below, the service credit described in County Code Section 5.20.080B shall be taken into account and aggregated with other credited periods to determine Years of Benefit Credit (but not Years of Service Credit).

11. "Year of Service Credit" means a period of credit used to determine whether a New Member is eligible for a County Subsidy. A New Member will be credited with a Year of Service Credit for each full twelve months of aggregate (a) active membership with LACERA, plus (b) reciprocal service credit, as and to the extent granted under the Reciprocal Agreement. In addition, any service credit granted under County Code Section 5.20.080C will be taken into account.

12. "2014 Agreement" means Modification No. 2 to Agreement No. 41638, which was entered into as of _____ 2014, by and between the County and LACERA.

C. Eligibility for Tier Two Retiree Health Care Program. A New Member shall become entitled to benefits under the Tier Two Retiree Health Care Program upon (1) retiring under LACERA, for service or for non-service-connected disability, with at least ten (10) Years of Service Credit, or (2) upon retirement under LACERA due to a service-connected disability pursuant to Government Code Section 31720; provided that, for any New Member (and his or her Eligible Dependents) governed by the

Reciprocal Agreement, eligibility for coverage under the Tier Two Retiree Health Care Program shall be limited as provided in that Reciprocal Agreement.

D. Determining and Applying the County Subsidy.

1. Calculation for Retiree Medical Coverage.

a. Upon retirement for service or for non-service-connected disability with at least ten (10) Years of Service Credit, a New Member will receive a County Medical Subsidy equal to (i) 4 percent for every full Year of Benefit Credit (up to 100 percent), multiplied by (ii) the premium for the applicable Medical Benchmark Plan.

b. Upon retirement for service connected disability, a New Member will receive a County Medical Subsidy equal to the greater of (i) 50 percent of the cost of the applicable Medical Benchmark Plan, or (ii) the subsidy to which he is entitled under subsection D.1.a. above.

2. Calculation for Retiree Dental Coverage.

a. Upon retirement for service or for non-service-connected disability with at least ten (10) Years of Service Credit, a New Member will receive a County Dental Subsidy equal to (i) 4 percent for every full Year of Benefit Credit (up to 100 percent), multiplied by (ii) the premium for the applicable Dental Benchmark Plan.

b. Upon retirement for service connected disability, a New Member will receive a County Dental Subsidy equal to the greater of (i) 50 percent of the cost of the applicable Dental Benchmark Plan, or (ii) the subsidy to which he is entitled under subsection D.2.a. above.

3. Calculation for Retiree Vision Coverage.

a. Upon retirement for service or for non-service-connected disability with at least ten (10) Years of Service Credit, a New Member will receive a County Vision Subsidy equal to (i) 4 percent for every full Year of Benefit Credit (up to 100 percent), multiplied by (ii) the premium for the applicable Vision Benchmark Plan.

b. Upon retirement for service connected disability, a New Member will receive a County Vision Subsidy equal to the greater of (i) 50 percent of the cost of the applicable Vision Benchmark Plan, or (ii) the subsidy to which he is entitled under subsection D.3.a. above.

4. Use of County Subsidies.

a. The County Medical Subsidy may be applied toward the cost of purchasing any coverage level (e.g., retiree-only or family) for any medical plan option under the LACERA Group Health Plans that is available to the New Member and his or her Eligible Dependents, subject to the rules and limitations set forth in subsection 5.20.085E. below. A New Member and his or her Eligible Dependents (or surviving spouse or surviving domestic partner and other Eligible Survivors) must be enrolled in the same medical plan, unless some, but not all, eligible family members are Medicare-eligible. In that case, the Medicare-eligible individual(s) must enroll in a Medicare Advantage plan or Medicare supplement plan as provided in subsection 5.20.085E., and the non-Medicare-eligible individual(s) must enroll in the corresponding non-Medicare LACERA Group Health Plan. In addition, upon a New Member's death, if there is no surviving spouse or surviving domestic partner entitled to a County Medical

Subsidy, each Eligible Survivor may enroll in a separate medical plan, the County Medical Subsidy shall be allocated pro rata among such Eligible Survivors and each Eligible Survivor may apply his or her allocable share of the County Medical Subsidy toward the cost of the medical plan selected.

b. The County Dental Subsidy may be applied toward the cost of purchasing any coverage level (e.g., retiree-only or family) for any dental plan option under the LACERA Group Health Plans that is available to the New Member and his or her Eligible Dependents. A New Member and his or her Eligible Dependents (or surviving spouse or surviving domestic partner and other Eligible Survivors) must be enrolled in the same dental plan. Provided, however, that upon a New Member's death, if there is no surviving spouse or surviving domestic partner entitled to a County Dental Subsidy, each Eligible Survivor may enroll in a separate dental plan, the County Dental Subsidy shall be allocated pro rata among such Eligible Survivors and each Eligible Survivor may apply his or her allocable share of the County Dental Subsidy toward the cost of the dental plan selected.

c. The County Vision Subsidy may be applied toward the cost of purchasing any coverage level (e.g., retiree-only or family) for any vision plan option under the LACERA Group Health Plans that is available to the New Member and his or her Eligible Dependents. A New Member and his or her Eligible Dependents (or surviving spouse or surviving domestic partner and other Eligible Survivors) must be enrolled in the same vision plan. Provided, however, that upon a New Member's death, if there is no surviving spouse or surviving domestic partner entitled to a County Vision

Subsidy, each Eligible Survivor may enroll in a separate vision plan, the County Vision Subsidy shall be allocated pro rata among such Eligible Survivors and each Eligible Survivor may apply his or her allocable share of the County Vision Subsidy toward the cost of the vision plan selected.

E. Coverage Options for Medicare-Eligible Individuals; Medicare Part B Subsidy.

1. Mandatory Enrollment in Medicare Plans. Notwithstanding any other provision of this Section 5.20.085, to retain eligibility under the Tier Two Retiree Health Care Program, New Members and Eligible Dependents who are eligible for Medicare are required to enroll in Medicare Parts A and B, and may enroll only in a LACERA Group Health Plan that is a Medicare Advantage plan or Medicare supplement plan. A New Member or Eligible Dependent who: (a) fails to enroll in Medicare Parts A and B after becoming eligible; (b) assigns his or her Medicare benefit to a plan other than a LACERA Group Health Plan; or (c) loses Medicare coverage, will be terminated from participation in the Tier Two Retiree Health Care Program. A New Member or Eligible Dependent who has been terminated from the Tier Two Retiree Health Care Program, and who subsequently meets the requirements for eligibility, may be re-enrolled in the Tier Two Retiree Health Care Program after a six (6) month waiting period.

2. Medicare Part B Subsidy. If the New Member and/or his or her Eligible Dependents enroll in Medicare Parts A and B and a LACERA Group Health Plan that is a Medicare Advantage plan or Medicare supplement plan, the County will

reimburse a total amount equal to the standard self-only coverage premium amount for Medicare Part B. Regardless of the number of family members enrolled in Medicare, the total Medicare Part B Subsidy amount paid with respect to the New Member and/or his or her Eligible Dependents shall in no case exceed the standard self-only coverage premium amount for Medicare Part B. This Medicare Part B Subsidy shall not include any means testing or late enrollment fees or penalties.

F. Administration. LACERA shall administer the Tier Two Retiree Health Care Program as provided in the 2014 Agreement.

G. Amendment and Termination.

1. Generally. Subject to Section 5.20.085G.2. and the County's collective bargaining obligations, any restrictions imposed by California Government Code Section 31692, and the terms of the 2014 Agreement, the Tier Two Retiree Health Care Program and County Code Section 5.20.085 may be amended or terminated by the County at any time. In particular, and without limiting the foregoing, the County may, subject to its collective bargaining obligations, amend or terminate the Tier Two Retiree Health Program with regard to County employees who, at the time of such amendment or termination, have not yet been hired or placed in an employment classification eligible for LACERA membership. In addition, subject to Section 5.20.085G.2. and the 2014 Agreement, the terms of the Tier Two Retiree Health Care Program and this Section 5.20.085 of the County Code may be amended or modified with regard to current New Members and their Eligible Dependents, provided that any amendment or modification ensures that such New Members and their Eligible

Dependents continue to receive health care benefits that are comparable to those benefits provided under the current terms of the Tier Two Retiree Health Care Program. Such potential amendments or modifications include, but are not limited to, those that are necessary or desirable to address changes in the law, changes in the health insurance market or changes in the way in which health care services are delivered and paid for in the United States.

2. Represented Employees. Notwithstanding anything to the contrary in Section 5.20.085.G.1 above, with regard to New Members who are in a bargaining unit represented by an employee organization certified by the County Employee Relations Commission, any amendment or termination of the Tier Two Retiree Health Care Program and County Code Section 5.20.085 made by the County shall be subject to any applicable collective bargaining obligations and any procedural rights or other rights such employee organization may have to challenge the legality of actions taken by the County.

SECTION 3. Pursuant to Government Code Section 25123(f), this ordinance shall take effect immediately upon final passage. If this ordinance becomes effective after July 1, 2014, it shall be construed and applied as if it were effective and operative on and after July 1, 2014.

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LAI-3210959V9

SECTION 4. This ordinance shall be published in The Daily Commerce a newspaper printed and published in the County of Los Angeles.

Chairman

ATTEST:

Sachi A. Hamai
Executive Officer -
Clerk of the Board of Supervisors
County of Los Angeles

I hereby certify that at its meeting of June 24, 2014 the foregoing ordinance was adopted by the Board of Supervisors of said County of Los Angeles by the following vote, to wit:

	Ayes		Noes
Supervisors	Gloria Molina	Supervisors	None
	Mark Ridley-Thomas		
	Zev Yaroslavsky		
	Don Knabe		
	Michael D. Antonovich		

Effective Date: June 24, 2014

~~Operative Date:~~

Sachi A. Hamai
Executive Officer -
Clerk of the Board of Supervisors
County of Los Angeles

I hereby certify that pursuant to Section 25103 of the Government Code, delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By
Deputy

APPROVED AS TO FORM:
JOHN F. KRATTLI
County Counsel

By
Richard D. Weiss
Chief Deputy County Counsel

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